

## Message Text

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DRAFTED BY: AMOHANIAN

APPROVED BY: EB/OCA/REP:LHPOMEROY

DON BOSTWICK, EXECUTIVE VICE PRESIDENT

EB/IFD-ODF-EMLINTON

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R 201352Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

UNCLAS STATE 142715

E.O. 11652 N/A

TAGS: APUB TS

SUBJ: PRESS RELEASE ON EXIMBANK LOAN TO TAIWAN

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE LOAN OF DOLS 4,116,000 TO CHINA MAN-MADE FIBER CORPORATION. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, FRIDAY, JULY 27, 1973.

QUOTE: EXIMBANK SUPPORTS DOLS 10.3 MILLION SALE OF U.S. EQUIPMENT TO REPUBLIC OF CHINA (TAIWAN)

TO HELP FINANCE A DOLS 10,290,000 SALE OF U.S. EQUIPMENT, MATERIALS AND SERVICES REQUIRED FOR THE CONSTRUCTION OF A 50,000 TON PER YEAR ETHYLENE GLYCOL PLANT IN THE REPUBLIC OF CHINA (TAIWAN), THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT LOAN OF DOLS 4,116,000 TO FINANCE 40 PERCENT OF THE U.S. COSTS, AND A FINANCIAL GUARANTEE OF A LOAN OF UNCLASSIFIED

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DOLS 2,058,000 FROM CHASE MANHATTAN BANK, NEW YORK, TO FINANCE

20 PERCENT OF THE U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN HENRY KEARNS.

A LOAN OF DOLS 2,058,000 FROM THE BANK OF COMMUNICATIONS IN TAIPEI, WILL ALSO FINANCE 20 PERCENT OF THE TOTAL COSTS. THE BORROWER, CHINA MAN-MADE FIBER CORPORATION (CMFC), WILL MAKE CASH PAYMENT OF THE BALANCE OF 20 PERCENT OF THE TOTAL U.S. COSTS OR DOLS 2,058,000. CMFC BEGAN OPERATIONS IN 1957 AND IS NOW A WELL ESTABLISHED FIRM ENGAGED IN THE PRODUCTION OF RAYON STAPLE, RAYON FILAMENT AND CELLOPHANE PAPER.

THE PROJECT IS FOR CONSTRUCTION OF A NEW 50,000 METRIC TONS PER YEAR ETHYLENE GLYCOL PLANT AT THE TA-SHE PETROCHEMICAL COMPLEX, KAOHSIUNG, TAIWAN, AT A TOTAL COST ESTAIMED AT DOLS 12.7 MILLION. SCIENTIFIC DESIGN COMPANY, INC., OF NEW YORK CITY WILL UNDERTAKE THE PROJECT. THE BASIC RAW MATERIALS, ETHYLENE AND ETHANE, WILL BE SUPPLIED LOCALLY FROM THE CHINA PETROCHEMICAL CORPORATION AND THE ETHYLENE GLYCOL PRODUCED WILL BE USED LOCALLY AS THE BASIC RAW MATERIAL FOR THE MANUFACTURE OF POLYESTER FIBER (DACRON).

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING AUGUST 10, 1975, WITH EXIMBANK'S DIRECT LOAN OF DOLS 4,116,000 TO BE REPAID OUT OF THE LAST 8 INSTALLMENTS WITH INTEREST AT AN ANNUAL RATE OF 6 PERCENT ON OUTSTANDING BALANCES. REPAYMENT OF THE LAONS IS TO BE GUARANTEED BY THE BANK OF COMMUNICATIONS, TAIPEI, REPUBLIC OF CHINA. UNQUOTE RUSH

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